



Early Journal Content on JSTOR, Free to Anyone in the World

This article is one of nearly 500,000 scholarly works digitized and made freely available to everyone in the world by JSTOR.

Known as the Early Journal Content, this set of works include research articles, news, letters, and other writings published in more than 200 of the oldest leading academic journals. The works date from the mid-seventeenth to the early twentieth centuries.

We encourage people to read and share the Early Journal Content openly and to tell others that this resource exists. People may post this content online or redistribute in any way for non-commercial purposes.

Read more about Early Journal Content at <http://about.jstor.org/participate-jstor/individuals/early-journal-content>.

JSTOR is a digital library of academic journals, books, and primary source objects. JSTOR helps people discover, use, and build upon a wide range of content through a powerful research and teaching platform, and preserves this content for future generations. JSTOR is part of ITHAKA, a not-for-profit organization that also includes Ithaka S+R and Portico. For more information about JSTOR, please contact support@jstor.org.

tence, but at the suggestion of a learned mandarin, and at their own request, he remanded them to prison to await the outcome of their prophecy. If their prediction should be justified by the event they were to be dismissed with honors and rich presents; otherwise they were to be beheaded as blasphemous impostors. At the appointed time the people of Nankin crowded their housetops, and all eyes were riveted on the sky, but the sun shone all day with undimmed splendor, and at night the Emperor consented to let the law take its course. The sentence of death was accordingly executed; but the very next morning, when the mandarins assembled to burn the books of the blasphemers, the ceremony was interrupted by a total eclipse of the sun.

F. L. OSWALD.

NATIONAL BANK EXAMINERS CRITICISED.

THE Honorable E. S. Lacey, when Comptroller of the Currency, suggested that a training-school of bank examiners, as an adjunct to the administration of the Banking Department of the general Government, should be established, believing that the provisions of the National Bank Act would, through the thorough training of bank examiners, be much better enforced.

Just how such a school could be established, without great expense to the Government, and what plan could be pursued to give bank examiners, besides technical drill, also a requisite business training, he did not perhaps suggest; yet the suggestion seems to be a fruitful idea, for any one who has had experience with bank examination, as it was actually carried on, up to a very recent period at least, knows that much bank examination was farcical in the extreme. Many of the old-time examiners were inexperienced in banking or any other business: sometimes broken-down bankers of dissipated habits, or, frequently again, relatives of prominent politicians or statesmen, or, what was worse in some respects, men who were politicians and by political influence obtained the important post of bank examiner as reward for work done for the party in power.

Instances are known where examiners became too drunk while making an examination to complete it, and by a skilful manipulation of documents the real condition of the bank was not reported to the Bank Department at Washington. It is not said that the public were likely to be injured in all cases by such neglect, but the tendency was bad, as it encouraged loose methods in bank management and avoided the corrective hand of the Comptroller. No one but an experienced banker can fully appreciate the effect the criticisms and strictures have upon bank officers from the Bank Department.

Then, again, there were other instances where rival banks, by a too liberally dispensed hospitality to a too susceptible examiner, rendered him mellow, and then plied him with questions concerning opposition banks, or put questions in his mouth to be asked of rivals that Socrates himself would never have thought of.

There were still other cases where a bank examiner was known to make a temporary loan from the bank undergoing examination, but which he forgot to pay. It is quite needless to say that the report of the bank so victimized was favorable.

This condition of things was more common some ten or fifteen years after the National Bank system was established, and in the rural districts

and in the West, than in more recent years, or in the great cities, or in the Eastern portion of the country. Actual observation taught these views; and notwithstanding the office of bank examiner is still made a perquisite in most instances by the party in power, it is presumed that bank examiners have improved somewhat in character and, it is hoped, in secrecy; but they have not improved enough in experience and technical training.

While it is true that an examiner cannot tell anything about the particular character of bills receivable or the standing of the makers, yet an examination will have a good effect if an examiner can detect when too much paper is signed by one name, or if paper is more than six months overdue. The novice can judge of these points, but he cannot tell if paper appears right in general, nor can he detect a "kite." It is in forming a general idea of bank management that the inexperienced examiner fails most signally. Then, again, the old-time bank examiners were not exact in their additions, and were not particular to see that results corresponded with the totals shown by the books. Now, looseness or inexactness in these points seems to be a quite small matter, but they have a marked effect on bank officers, as I have occasion to know.

Even from the few points given it still seems reasonable to think that bank examiners should have far more experience than is usual; that it is important that they should be men of the highest character, integrity, and temperance, and above all fearlessness in the performance of their duties. But such men cannot be procured in many of the cases under existing methods, and if there is a branch of the public service that should be put under civil-service rules this is the one. It is evident that politicians in rewarding their henchmen are not going to be over-nice in selecting men for the very important post of bank examiner, if they can get rid of an importunate office-seeker or reward a striker by giving him this post. Politics should have no place in banking. A banker, like a preacher, ought not to meddle with politics or religion. But it is far more important that a bank examiner should not be a politician nor be dependent upon political influence for the position.

The public has plenty of evidence of the incompetency and dishonesty of bank examiners in the disastrous results to depositors and business. It seems quite needless to insist upon the reasonableness of appointing bank examiners upon some system founded upon merit and capacity. Better examinations would follow such a plan, with better results and fewer failures. Another defect of the present system is excess of territory. This excess gives the individual examiner too many miles to travel and too short time for the examination of each bank, as he is expected to go over his territory once a year. Many examiners were known to examine a large bank in a few hours, upon which they should have spent as many days. Human nature in a bank examiner is much the same as in men in other walks of life, and they will try to earn as large daily wages as possible; for banks are assessed so much according to capital, and not upon amount of business done, or the actual work that the examiner has to perform.

Bank examination is one of the best devices of governmental supervision of modern banking, but it is yet in its infancy and is capable of much greater development and efficiency; so by all means place bank examiners under civil-service rules, and if nothing better can be done, put them in a training-school at Government expense.

J. M. GRAYBILL.